

104<sup>TH</sup> CONGRESS  
1<sup>ST</sup> SESSION

# H. R. 494

To authorize the Secretary of Housing and Urban Development to carry out a demonstration program to make grants to community development corporations for reducing interest rates on loans for economic development activities in 5 federally designated enterprise communities.

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## IN THE HOUSE OF REPRESENTATIVES

JANUARY 11, 1995

Mr. TRAFICANT introduced the following bill; which was referred to the  
Committee on Banking and Financial Services

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## A BILL

To authorize the Secretary of Housing and Urban Development to carry out a demonstration program to make grants to community development corporations for reducing interest rates on loans for economic development activities in 5 federally designated enterprise communities.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

3       **SECTION 1. SHORT TITLE.**

4       This Act may be cited as the “Economic Development  
5       Loan Assistance Demonstration Program Act of 1995”.

1 **SEC. 2. ESTABLISHMENT AND SCOPE OF DEMONSTRATION**  
2 **PROGRAM.**

3 (a) ESTABLISHMENT.—The Secretary of Housing  
4 and Urban Development shall carry out a program to  
5 demonstrate the effectiveness of encouraging economic de-  
6 velopment in enterprise communities by making grants to  
7 community development corporations for reducing interest  
8 rates on loans for economic development activities in the  
9 enterprise communities.

10 (b) SELECTION OF ENTERPRISE COMMUNITIES.—

11 (1) NUMBER.—The Secretary shall carry out  
12 the demonstration program under this Act with re-  
13 spect to 5 enterprise communities, which the Sec-  
14 retary shall select not later than the expiration of  
15 the 30-day period beginning on the date of the en-  
16 actment of this Act.

17 (2) DIVERSITY.—Of the enterprise communities  
18 selected under this subsection, not less than 2 shall  
19 be located in rural areas (as defined in section  
20 1393(a) of the Internal Revenue Code of 1986) and  
21 not less than 2 shall be located in metropolitan sta-  
22 tistical areas (within the meaning of section  
23 143(k)(2)(B) of such Code). In selecting the enter-  
24 prise communities, the Secretary shall provide for  
25 national geographic diversity among enterprise com-

1 communities participating in the demonstration pro-  
2 gram.

3 **SEC. 3. GRANTS FOR ECONOMIC DEVELOPMENT LOAN AS-**  
4 **SISTANCE.**

5 (a) **AUTHORITY.**—Under the demonstration program  
6 under this Act, the Secretary may make grants to any  
7 community development corporation sponsored by a bank  
8 or thrift institution, by a nonbank economic development  
9 corporation, or by residents of an enterprise community  
10 selected under section 2(b).

11 (b) **USE.**—Each community development corporation  
12 receiving a grant under the demonstration program under  
13 this Act shall use the grant amounts to assist businesses  
14 and nonprofit organizations by reducing interest rates on  
15 loans for economic development activities carried out in  
16 an enterprise community selected under section 2(b).

17 (c) **OTHER REQUIREMENTS.**—The Secretary shall re-  
18 quire each community development corporation receiving  
19 a grant under the demonstration program under this Act  
20 to—

21 (1) use the grant amounts to reduce the inter-  
22 est rate on a loan described in subsection (b) by an  
23 amount not to exceed 60 percent of the market rate  
24 of interest on such loan; and

1           (2) take any actions necessary to inform busi-  
2           nesses and nonprofit organizations of the availability  
3           of such loans, including holding informational meet-  
4           ings, making public announcements, and placing no-  
5           tices in newspapers and other publications.

6 **SEC. 4. MONITORING.**

7           The Secretary shall monitor the use of grants made  
8           under this Act and the costs of administering such grants.

9 **SEC. 5. REPORTS AND STUDY.**

10          (a) ANNUAL REPORT.—The Secretary shall submit  
11          to the Congress, not later than 1 year after the date that  
12          amounts to carry out this Act are first made available  
13          under appropriations Acts and for each year thereafter in  
14          which amounts are available to carry out the demonstra-  
15          tion program, a report containing an evaluation of the  
16          effectiveness of grants made under the demonstration  
17          program.

18          (b) STUDY AND REPORT ON EXPANDED PROGRAM.—

19                (1) STUDY.—The Secretary shall conduct a  
20                study regarding the effects and costs of carrying out  
21                a long-term and expanded program of making grants  
22                for the purposes under this Act. The study shall de-  
23                termine the need for such grants and the amount of  
24                funds necessary to carry out an effective program of  
25                national scope.

1           (2) REPORT.—The Secretary shall submit to  
2           the Congress, not later than September 30, 1998, a  
3           report regarding the results of the study under para-  
4           graph (1) and any recommendations for carrying out  
5           a program as described in paragraph (1).

6 **SEC. 6. DEFINITIONS.**

7           For the purposes of this Act:

8           (1) ECONOMIC DEVELOPMENT ACTIVITIES.—  
9           The term “economic development activities” means  
10          the construction and rehabilitation of housing, down-  
11          town and neighborhood commercial revitalization, in-  
12          dustrial development and redevelopment, small and  
13          minority business assistance, neighborhood market-  
14          ing, training, and technical assistance, research and  
15          planning for nonprofit development groups, and  
16          other activities which create permanent private sec-  
17          tor jobs.

18          (2) ENTERPRISE COMMUNITY.—The term “en-  
19          terprise community” means an area that is des-  
20          ignated as an enterprise community under section  
21          1391 of the Internal Revenue Code of 1986.

22          (3) SECRETARY.—The term “Secretary” means  
23          the Secretary of Housing and Urban Development.

1 **SEC. 7. AUTHORIZATION OF APPROPRIATIONS.**

2       There is authorized to be appropriated to carry out  
3 this Act in fiscal years 1996, 1997, and 1998 a total of  
4 \$100,000,000.

5 **SEC. 8. REGULATIONS.**

6       The Secretary may issue any regulations necessary  
7 to carry out this Act.

